

## Democratic Republic of the Congo

<b>Status Index</b> (Democracy: 1.0 / Market economy: 1.1)		2.1	<b>Management Index</b>		1.4
<b>System of government</b>	Autocracy		<b>Population</b>	49.8 mill.	
<b>Voter turnout</b>	n. a. <sup>b</sup>		<b>GDP p. c. (\$, PPP)</b>	680	
<b>Women in Parliament</b>	n. a. <sup>b</sup>		<b>Unemployment rate</b>	n. a.	
<b>Population growth<sup>a</sup></b>	2.8 %		<b>HDI</b>	0.363	
<b>Largest ethnic minority</b>	n. a.		<b>UN Education Index</b>	0.51	
			<b>Gini Index</b>	n. a.	
Data for 2001 – if not indicated otherwise. <sup>a)</sup> Annual growth between 1975 and 2001. Source: UN Human Development Report 2003.					

### 1. Introduction

In August 1998 Congo's neighbors to the east, Rwanda and Uganda, initiated and backed an uprising against a regime in Kinshasa for the second time. The events of 1996 had not only toppled the dictatorship of Zaire's Mobutu Sese Seko (1965-1997), but also wiped out the gains of a long-drawn-out political transformation, sustained by a strong democracy movement, that had begun at the end of the 1980s.

Mobutu's successor, Laurent Désiré Kabila (1997-2001), withstood the second uprising, but Zaire—which had been renamed the Democratic Republic of Congo (DRC)—plunged into a war that lasted more than three years and drew in military forces from a total of seven neighboring states. The conflict split the country into several regions and claimed more than three million lives.

A peace accord negotiated in Lusaka, Zambia and signed in 1999 by all warring parties called for a ceasefire, the withdrawal of all foreign troops, and an open national dialogue on a political transition. But the region took its first slow steps to implement the agreement only after Laurent Kabila was assassinated in January 2001 and his son Joseph Kabila was named head of state. The 1998 rebellion was primarily economically motivated. Congo's resources had been systematically plundered in the previous years by Rwanda and Uganda, by the rebel groups they supported in the country's east and north, and, in equal measure, by the Kinshasa regime and its chief allies, Zimbabwe and Angola.

This report on the status of transformation toward democracy and a market economy between 1998 and 2003 comes to the conclusion that 2002 was the first year in which peace plans, and hence the possibility of reforms in general, returned to relevance. Under Marxist-leaning Laurent Désiré Kabila, the economy was strictly on a war footing and in a steep decline.

This analysis focuses on the truncated state controlled by the Kabila regime—about one third of the entire territory and the only region for which reliable data are available. Where possible, the evaluation includes the regions occupied by enemy forces or the rebels.

With the relative peace since 2001, flanked by a transition policy worked out in close cooperation with the international community, the government in Kinshasa has shown a definite change of course, demonstrating openness to economic and political reforms. Its management of economic affairs, starting from a low level, has had success. In the political arena, at least it has taken certain key steps that could permit much-needed improvement in many of the evaluation criteria and set the stage for an eventual broadening of the transformation.

These include the power-sharing agreement reached in mid-2002 between Joseph Kabila and the *Mouvement pour la Libération du Congo* (MLC, one of the two most important rebel groups) and the prospect of a government of national unity outlined at the end of 2002. That blueprint calls for the establishment of democratic institutions and for free elections to complete the transition by 2005.

Up to 2001 the verdict for all the actors is negative. For most of the evaluation criteria, existing standards eroded. The key tasks for a successful transformation pertain to the rule of law, creation of democratic institutions and a constitution, reform of the market structure and competition, as well as the issue of how to use the country's resources wisely to promote development.

## **2. History and characteristics of transformation**

The process of economic and political transformation in Congo since Mobutu first permitted opposition political parties in April 1990 is marked by few successes and many setbacks. Although the national congress of 1991-1992 laid the foundation for a basic democratic order and outlined an economically and socially workable organization of the market and competition, the forces for democratic reform could not overcome government obstruction.

Buffeted by the 1996-1997 rebellion against Mobutu, which was backed by Rwanda and Uganda, and the civil war ignited just one year later, again with Rwandan support, against the regime of his successor, Laurent Désiré Kabila, the state fell apart. First one, then a host of rebel groups attacked the truncated state

that remained under Kabila's authoritarian rule. Though the international and regional community supported the Lusaka peace negotiations as early as 1998, the resulting accord could not be implemented until after Kabila's death in January 2001.

Congo's democratic transformation began in the late 1980s with mass demonstrations against the Mobutu dictatorship, carried out by a strong opposition movement in which a coalition of parties joined forces with civil society groups, including churches. External factors such as the end of the Cold War and the accompanying political transformations in Eastern Europe and Africa, coupled with a lack of support from abroad, contributed to the political opening of the regime in April 1990.

The composition and the inefficiency of the national congress and the transition bodies between 1993 and 1996 reflected the considerable conflict between the neopatrimonial structures of Mobutu's regime and a democratic movement that was unified only at the start, then increasingly fragmented and infiltrated. Although not elected by the people, the transitional institutions, particularly the national congress and the bodies that followed, were the first relatively legitimate structures in Congo since the democratic elections of 1960.

The October 1996 rebellion against Mobutu—provoked by foreign economic interests and the systematic marginalization of minorities—and Laurent Kabila's subsequent seizure of power ended this political and economic transition. Under the guise of a pseudo-Marxist regime, Kabila revived to excess the patterns of authoritarian rule and fanned the flames of conflict within Congo and with its neighbors.

When civil war broke out in August 1998, pitting rebels backed by Rwanda and Uganda against the forces of the Kabila government and five other neighboring countries, the regime seized upon this as a pretext to essentially shut down the political opposition, suspend civil liberties and block political reforms. The population took a dim view of the Popular People's Committees introduced by Kabila. An important segment of the political elite and civil society held fast to the goal of a democratic system.

The market-economy transformation of the DRC is still in its infancy. Until the early 1970s, market economy structures with post-colonial features prevailed, and business activity—much of it foreign, especially Belgian—prospered. But the 1973 campaign known as Zairianization—under which all foreign companies were expropriated, with some transferred to state ownership and others distributed among Zaire's political class—led to a sustained downturn in economic activity and decimated the country's economic capacity. After that, the regime supported itself almost entirely through the sale of commodities and precious metals.

During the 1980s, Zaire received assistance for a time from the World Bank. However, the structural adjustment program of 1986-1990, implemented without accompanying social measures, greatly exacerbated the population's economic misery and was no match for the Zairian kleptocracy. The 1992 break with the international financial institutions followed a period of extremely counterproductive fiscal and economic policies, during which the government stopped the interest payments on \$13 billion of debt while the Mobutu clan openly grew rich on state resources.

Looting sprees in the capital city of Kinshasa and important provincial cities between 1991 and 1993 almost entirely destroyed what little production capacity remained, cutting state revenues to nothing. Although the 1992 national congress had agreed on the introduction of a social market economy, it was not implemented under Mobutu's rule. Zaire's commando economy persisted. Political turbulence throughout the decade, rebellion and war after 1996, and the disastrous economic policies introduced by Laurent Désiré Kabila, who fixed the exchange rate and prohibited foreign exchange dealings, nearly paralyzed foreign trade and shut down formal economic activity.

### **3. Examination of criteria for democracy and market economy**

#### **3.1 Democracy**

The Democratic Republic of Congo has made hardly any progress in the transformation of its political order. Shortcomings exist in almost every area: rule of law, political participation and state identity. Democratic institutions remain extremely inadequate, while social integration in Congo still earns a positive evaluation. However, the peace accord and the plan to share power during a transition phase in 2002 have increased the chances of moving forward.

##### **3.1.1 Political regime**

(1) *Stateness*: The state's monopoly on the use of force is severely limited. The truncated state under Joseph Kabila in the western part of the country was not united with the territory controlled by the MLC until the second half of 2002. Together they comprise about 70 % of Congolese territory. Several rebel groups, most notably the *Rassemblement Congolais pour la Démocratie* (RCD) and splinter groups, rule eastern Congo along with various warlords. The question of defining citizenship remains relevant, especially in relation to Tutsi minorities, above all the Banyamulenge, in the east. The government's attempt to strip the Banyamulenge of citizenship in 1996 helped launch the rebellion against the Mobutu regime.

Despite the present dismemberment of Congo's territory, a strong sense of nation unites its people. This is nourished by their antagonism to Rwanda as an occupying power, by the Congolese musical tradition and by Mobutu's nationalization policy. The right to citizenship urgently needs modification after peace is concluded. There is separation of church and state. The political process is secularized, but the churches play an important role as mediators in the transformation process. The state's administrative system is physically present throughout its territory, but scarce resources, corruption and the partitioning of the country render it nearly incapable of functioning. Public safety and order are only minimally assured. In certain parts of the country, rebels or warlords have seized power.

(2) *Political participation*: Congo's citizens cannot vote or run for office. The first and last democratic elections were held in 1960; the transition schedule established at the end of 2002 sets the next elections for 2005. The disintegration of the state and the activity of rebel groups greatly limit the power to govern of the current officeholders in Kinshasa. A provisional constitution that gave the president sweeping authority was revoked under an emergency constitution in 1997. Opposition parties were permitted again in 2001 under Joseph Kabila, but they have limited scope for action.

Civil society organizations can form freely. State media are strongly influenced by the government, but private media are subject to relatively few constraints. Freedom of information, freedom of opinion and freedom of organization are assured in principle, but journalists time and again experience self-censorship, intimidation and even arrest. In the areas of eastern Congo controlled by rebel groups, civil liberties are largely disregarded.

(3) *Rule of law*: There is no institutional separation of powers. The emergency constitution endows the president with all the powers of an authoritarian ruler. The judiciary is nominally independent, but is actually under presidential control and extremely corrupt. A military tribunal established in 1997 acts on instructions from the regime and also hears political cases. Political proceedings, such as the trial for the assassination of Laurent Kabila, are not conducted in compliance with the Human Rights Convention.

Although the government has talked about punishing corruption and abuse of office since 2001 and a code of ethics was adopted late in 2002, criminal prosecution has yet to occur. However, after the UN Commission published a report in 2002 on the illegal extraction of Congo's resources, a number of high-ranking members of the Kabila government were cited and a short time later suspended from office. Bureaucratic as well as political corruption still runs rampant.

Since 2001 the ruling elite have followed relatively strict policies, closely coordinated with the international financial institutions, that increasingly limit their opportunities to divert state resources for their own benefit. Time and again, civil liberties are compromised by the discrepancy between government behavior and legal norms, as well as by the authorities' extremely selective application of established law.

### 3.1.2 Democratic stability

(1) *Institutional stability*: Congo has no democratic institutions.

In round after round of negotiations, representatives of the Kinshasa government, the various rebel groups and civil society drafted the following model for future institutions: During a transition phase of no more than 30 months, Congo will form a government of national unity, a parliament and a senate. Joseph Kabila remains president, but he will have four vice presidents, named from the ranks of the MLC (Jean Pierre Bemba), the RCD-Goma, (Adolphe Onusumba) the political opposition and the current government.

The new government will comprise 36 ministers and 25 vice ministers. A parliament of 500 seats and a senate of 120 seats will each have members drawn from eight groups, namely the four main groups listed above, plus civil society, the Mai-Mai militia and the two former factions of the RCD now operating in northeast Congo, the *RCD-Mouvement pour la Liberation* and the *RCD-Nationale*. Elections are scheduled to be held after 30 months.

(2) *Political and social integration*: The highly fragmented party system suffers from scant organizational stability, little ability to form party platforms, and chiefly personality- and patronage-based structures. The rebel group with the strongest organization and greatest legitimacy may be the MLC under Jean Pierre Bemba. Congo's civil society sustains a few traditional parties, such as the *Union pour la Démocratie et le Progrès Social*, led by Etienne Tshisekedi, the *Parti Démocrate Social Chrétien* and various Lumumbist movements, whose reputations center on a few historic leaders and whose support base is primarily regional.

Despite their fragmentation and the government's domination and obstruction over the years, these groups play an important role in the transition process. They offer irreplaceable resources for a future democratic system. Congo has an active landscape of interest groups. In addition to the Congolese employers' association, small and medium-sized businesses have an influence on the government. The unions remain organized, though very weak, because of the formal economy's steady decline and the desperate job market.

Congo boasts a well-differentiated landscape of NGOs, ranging from unions and churches to human rights groups, women's organizations and civic groups with economic motives. In many areas, these have stepped in where the state can no longer carry out its functions; examples include social welfare, public safety and even waste disposal. Representatives of civil society are elected on the national level and in some regions. The degree of organization varies from region to region.

NGOs are quite willing to work cooperatively and strategically. Through their partly democratic internal structures, they—and they alone—help strengthen democratic attitudes and practices in Congolese society. They do not always practice integrative functions that bridge social divides, but in any case they act as a social force of political moderation.

### **3.2 Market economy**

In the wake of war and failed economic policies, the Democratic Republic of Congo is just beginning to transform its economic order. It has already made some progress since Joseph Kabila took office in 2001. The institutional environment for market-economy action underwent fundamental corrections. The government, having mended its fences with the IMF and the World Bank, now cooperates closely with those bodies. Reforms to restore the banking system and capital market, strengthen the competitive order and combat market concentration and oligopoly formation show signs of success. Shortcomings remain in the socioeconomic level of development, sustainability and the welfare regime.

#### **3.2.1 Level of socioeconomic indicators**

The fundamental indicators reveal a very low level of development. Congo's level of development, measured in terms of the HDI, permits only a few citizens an adequate freedom of choice. Poverty, poor health care and the lack of educational opportunities make social exclusion quantitatively and qualitatively widespread. The period under evaluation can be divided into two phases. In phase one, before the assassination of Laurent Désiré Kabila, flawed economic policies and war caused continuous decline. Phase two, under Joseph Kabila, brought reforms, though these have had too little time to make noticeable headway in the face of huge social disparities and widespread poverty.

Income levels, already low, dropped even further during the period under study. Though per capita income is rising, the DRC remains one of the world's poorest countries. This report can include only very limited statements about many of the regions controlled by various warring parties. However, provisions were certainly much scarcer in the regions ravaged by rebellion and war than in areas where a

limited subsistence economy was still possible. Some three million people lost their lives between 1998 and 2001.

### **3.2.2 Market and competition**

The foundations of Congo's competitive market economy were realigned in 2001. This reduced the strong dominance of state monopolies and oligopolies; for example, one company lost its monopoly over the diamond industry. Decades in which investors were unprotected by the law and the regime fattened its personal bank accounts are giving way to liberalization and privatization, especially in the mining industry, where copper, cobalt, gold and other minerals are extracted. The informal sector and the subsistence economy generate about 80 % of Congo's GNP.

In many regions and sectors, something like a barter economy prevails. In the financial and business sector, until 2001 the government repeatedly flouted the rules. Foreign trade almost came to a standstill after 1998 because the government had fixed the currency at far above its value, but it has recovered to above the prewar level since 2001, when the exchange rate was allowed to float. On the whole, capitalization has been weak. The confidence of international investors and the conditions for the return of domestic capital are being restored only slowly.

### **3.2.3 Stability of currency and prices**

During the period under study, the Democratic Republic of Congo rode a roller coaster of irrational policies on inflation and the currency. The central bank printed money in an attempt to balance budget deficits, which sent inflation rates soaring. Two regions (East and West Kasai) boycotted the Congolese franc introduced in 1997 and enjoyed a stable currency. The Congolese franc was greatly overvalued until early 2001. Meanwhile, the exchange rate was fixed, and at times holding foreign currency was prohibited. These measures were lifted in 2001, as was the prohibition on currency transactions for foreign trade.

As a result, the inflation rate steadily decreased to a low level. Prices are now relatively stable. The central bank is once again largely independent. Congo can slowly start to build up its currency reserves. In mid-2002 the Bretton Woods institutions held out the prospect that the DRC, one of the world's most heavily indebted countries, would be accepted into the HIPC-II initiative at the start of 2003.

### **3.2.4 Private property**



Before 2001, hardly any laws safeguarded property acquisition and property rights. At the end of 2002, the reform of some 50 parastatal enterprises was taken up as a priority. Privatization strategies are being worked out, with a focus on the mining, transportation, telecommunications and energy sectors. In the eastern part of the country, a “Wild West” capitalism—underpinned by the illegal extraction of Congo’s mineral resources by its neighbors Uganda and Rwanda, as well as by various rebel groups—still prevails.

### **3.2.5 Welfare regime**

The state offers no social safety net to compensate for poverty and social risks. Poverty is combated hardly at all, or only ad hoc. Societal structures—especially churches and family and clan support systems—take the place of state services. Rudimentary health care is provided with assistance from churches and private emergency services. Despite the war, UNICEF attempted to implement several immunization programs for children. There are no mechanisms to improve the lot of women, persons with disabilities or the socially disadvantaged. Discrimination against women strictly limits their access to post-secondary education, income and public office. As in the past, discrimination against women in the legal system is anchored in family law.

### **3.2.6 Strength of the economy**

After years of rent-seeking resource extraction policies on the part of the government, flawed economic decisions and a war-induced deterioration in macroeconomic fundamentals, the government’s crisis management since 2001, in close cooperation with international financial institutions, now points to macroeconomic stabilization. The rate of inflation, which peaked at almost 360 % in 2001, was curbed to less than 20 % just one year later, signaling an economic recovery in the wings.

After years of negative growth, GDP growth returned to the black for the first time in 2002. These figures apply only to the western part of the country under Kabila’s control. There are no reliable data for the east. On the whole, economic growth falls far short of its potential. The bankrupt economy must first be rebuilt; reforms must take hold. Rigid austerity measures and budgetary discipline yielded stagnation effects in 2002. Higher expenditure figures, especially via the influx of funds from abroad, are expected for 2003.

### **3.2.7 Sustainability**

There is environmental awareness in society and in the legislature in regard to measures affecting the rainforest. The destruction of the rainforest resulted from the progressive plundering of resources in the areas controlled by Rwanda, Uganda and the government. Legislation to protect the forests is in the planning stage. Fundamentally, however, ecological sustainability takes a back seat to other priorities. The public education system has collapsed, and four state universities operate under extremely difficult conditions. Although the government took over the education system in 1972, it is actually maintained by the Catholic and Protestant churches. Their university system, though respected, is expensive and therefore accessible only to the elite.

State expenditures for education at the end of the 1990s amounted to less than 1 % of GNP. The elementary school attendance rate dropped from 60 % to about 30 % during the war. The war also triggered an enormous rise in the number of HIV infections. Even the universities have been hit hard by the pandemic, with infection rates of about 20 %. The infrastructure created in the 1960s has all but disappeared.

#### **4. Trend**

*(1) Democracy:* The state monopoly on the use of force, public safety and order and a workable administrative system were already limited before the period under study, but have largely collapsed as a result of war and the accompanying partition of the country. Cautiously positive developments are discernible since 2002, especially in regard to the restoration of government authority. Elections are still not held, but they are planned for 2005.

The unelected administration's effective power to govern has diminished. Though shortcomings persist, progress can be observed in the citizenry's options for organizing as well as in freedom of the press and freedom of opinion. The rule of law has gained no headway on any front. Corruption is still rampant. Democratic institutions are still nowhere in sight.

The negotiation outcomes of 2002 and Joseph Kabila's fundamental willingness to cooperate with the international community offer reasons to hope for progress. Political and social integration, though hampered by limited scope for action and scarce finances, is on the rise overall. The landscape of civic interest groups and NGOs is steadily developing.

*(2) Market economy:* Fundamental development indicators show a definite drop in the level of development for the period under study. The same is true for nearly all indicators of social welfare. Despite a lack of data, it can also be assumed that income disparities have increased. The institutional environment for market-economy action has improved in many respects, but shortcomings persist in the

structure of the market and competition. The reforms finally undertaken in 2001 are significant for the brief period under evaluation. Measured in terms of macroeconomic data, the overall course of the economy continued to lose momentum. Data from the year 2002 suggest that the government's development policy is succeeding.

**Table: Development of socioeconomic indicators of modernization**

	HDI	GDI	GDP index	Gini index	UN Education Index	Political representation of women <sup>a</sup>	GDP per capita (\$, PPP)
1998	0.439	0.418	0.35	n. a.	0.50	n. a.	256
2000	0.431	0.420	0.34	n. a.	0.51	n. a.	765

Sources: UNDP, Human Development Report, 2000, 2002.

**Table: Development of macroeconomic fundamentals (1998-2002)**

	1998	1999	2000	2001	2002 (2/4)
Growth of GDP in %	-3.5	-14.5	-14.3	-4.4	3.5
Export volume in million \$	1.577	965	685.2	750	1.200
Import volume in million \$	322	372	689	1,024	890
Inflation in % (CPI)	147	333	540	358	16
Budget deficit in million \$	-794	n. a.	-761	-829	-686
Current account balance in million \$		n. a.	n. a.	n. a.	n. a.

Sources: EIU Country Profile 1999/2000/2001/2002; [www.cia.gov](http://www.cia.gov).

## 5. Transformation management

### 5.1 Level of difficulty

The low level of economic and social development, barely existing market economy structures, the low education level of Congolese society, war, politicized ethnic conflicts, conflicts over distribution, an inefficient state administrative system and the absence of a state monopoly on the use of force presented

extremely difficult conditions for transformation at the start of the period covered by this report. On the other hand, the majority of the population already had a basic consensus on democracy.

The dynamics of the opposition and NGOs likewise helped to sustain the struggle for a basic democratic order. Given the structural socioeconomic conditions shaping the political process over the long term, the overall difficulty of the transformation is to be considered high. The road to democracy and a market economy is long and hard; the available resources are limited. The comprehensive aid promised by the donor community must be used effectively and responsibly.

## **5.2 Reliable pursuit of goals**

Upon taking power, Joseph Kabila at first made an effort to regain the goodwill of donors and international financial institutions, a relatively easy task in the wake of his father's disastrous policies. Guided by the international community, he set strategic priorities chiefly aimed at restoring market forces and foreign trade while eliminating restrictions on the currency and exchange rate. Thus, the government pursued a largely consistent and coherent reform policy in key economic areas, though it made only limited inroads on traditional patronage structures and practices.

In principle, the government sought to engender confidence among domestic and foreign economic actors, as well as to coordinate individual macroeconomic goals. As in the past, however, skepticism prevailed because of the fragile political situation and lack of legal certainty. The most important decision-makers committed themselves to the transformation goal of a consolidated market-based democracy. At first, the many antidemocratic forces within the government camp and the strong influence of neighboring Zimbabwe offered only uncertain ground for the implementation of planned reforms.

However, the rapid progress made in just two years swept aside such concerns. Unlike the situation before 2001, a long-term strategy was discernible, though its political goals had been formulated with little input from social groups and organizations. The government had clearly turned away from failed intervention models. In Congo's democratic transformation, the choice of strategies was determined by the government's political will to survive and by maximal demands from the major rebel groups. Only the intervention of international mediators made it possible to push through medium- to long-term transformation goals.

The government, the rebel groups and the civil opposition all lacked the necessary willingness for cooperative action, although relatively great strides were made after Laurent Kabila's assassination in early 2001. These include the peace accord, the withdrawal of most foreign troops, negotiations about a transition

phase and the first measures to implement the transition. The repeated flare-ups of armed conflict make the transition appear fragile.

### **5.3 Effective use of resources**

Only since 2001 has the government used available human and organizational resources for its transformation policies, at least selectively. Before that, state resources were wasted or consumed by the elite. During the period under study, Congo's mineral resources were illegally extracted by the government, the rebels, and neighboring countries alike. This trend has been reversed since 2002 in the territory controlled by Joseph Kabila, but only slowly; the report issued after a UN investigation named several of his cabinet ministers as having profited from illegal plundering.

The government's high personnel expenses are severely disproportionate to the services offered by the state. Corruption is a fundamental characteristic of the governmental and administrative culture and structure. As a result, tax and customs revenues contributed very little to the state coffers. Some reform projects were effectively implemented. Especially in the economic arena, Kabila's turning away from his predecessors' devastating policies yielded immediate results. Examples include the curbing of inflation by allowing the exchange rate to float, deregulation of the foreign exchange market and the financial and banking sectors, and improved public services.

So far, the battle against corruption has scored minimal success. The necessary legal framework is absent, and the tax authorities and public prosecutors' offices are no more independent than before. The judiciary is venal; political cases are still heard before a military tribunal. Available resources such as society's marked willingness to take responsibility and organize itself—born not least out of the disintegration and breakdown of the Congolese state—provide an important corrective to the government's policies. The government took only hesitant steps toward making use of this social capital when it brought civil society activists into the government in 2001.

### **5.4 Governance capability**

The economic reform policy was dominated from abroad and implemented with political skill starting in 2001 by the inner circle of power around Joseph Kabila. The policy won domestic and foreign support for the young head of government, whose appointment had not been otherwise legitimized. His predecessors' economic blunders were remedied and reforms were implemented. A distinct change of course became evident. If more far-reaching reforms are to take hold throughout the country, they must be implemented against the resistance of

economic groups, especially those who profited from the war and the plundering of resources.

Structural problems can be expected to hinder effective reform measures in the bureaucracy and society. Under Joseph Kabila, the preconditions were created to reduce misallocations of economic resources. However, all the reforms to date affect only the areas of Congo governed by Kabila and Bemba, only two thirds of the territory. Reliable data for the east is not available.

The management of the democratic transformation earns less positive marks. It differs considerably from the economic transformation process. Granted, actors of all political camps chose domestic political behaviors that led to the official end of the war and to agreement on a transition phase and a consensus-oriented regime structure, complete with elections. In their thought patterns, however, they often clung to the models of political conflict that had prevailed during the authoritarian regime.

Only under sustained international pressure was it understood that the conflict-oriented strategies of the past had failed. The government's ability to shape domestic reforms was limited in part by the conditions imposed by international actors. As expected, the Inter-Congolese Dialogue of 2001-2002 dragged on and on. In the first half of the period under study, despite intensive efforts in the Lusaka peace process, Laurent Kabila's government—provoked by Rwanda and Uganda, who had invaded Congo for the second time in 1998—sought to block any agreement. Not until Kabila's son took office did policies in Kinshasa again make room for rational and consistent thinking that opened the door to compromises and agreement.

## **5.5 Consensus-building**

Most of the significant political and social actors agree on democracy and a market economy as the goals of reform, although their ideas of how to reach those goals vary considerably. The concept had been integrated into various drafts of a constitution in the 1990s, but Congo must now engage in debate on a new constitution. Numerous antidemocratic veto actors exist both in the government camp and among the rebels.

The tough negotiations during the transition phase did not so much indicate a will for reform and an interest in democratic transformation as they reflected the participants' interest in dividing up power. While the former regime exploited social and ethnic conflicts for political advantage, the current government paved the way for a political rapprochement between the rebel groups and the government. At the end of 2002, the government joined forces with the MLC;

despite theoretical agreement on a road map for transition, the Rwandan-backed RCD is not yet part of this agreement.

The issues of a transition government have less to do with ethnic considerations than with the political apportionment of power between the government and the rebel groups. Numerous NGOs seek an active role shaping economic and social policy, but their influence remains limited. In addressing Congo's economic problems, the government made an effort to cooperate with associations and other intermediary organizations. Its political reform strategies earn less positive marks.

Political resistance is dealt with, if necessary, by antidemocratic strategies that clearly violate the principles of a constitutional state under the rule of law. This reveals significant contradictions between the government's reform rhetoric and its actual behavior. Kabila attaches importance to consensus with the international community, but that does not always win out against the demands of his own entourage.

## **5.6 International cooperation**

The gains in Congo's economic transformation after 2001 go hand in hand with the fundamental change in its willingness to cooperate with external actors, especially the International Monetary Fund, the World Bank and the Western donor community. Kabila's reform strategy rests squarely on close coordination with the IMF, and he is clearly quite willing to comply fully with all the obligations this entails. Only the coming years will show whether Congo can make effective use of the resources provided and promised by international actors.

At an international donor conference at the end of 2002, Congo was promised \$2.5 billion in aid. Its economic stabilization would not have been possible without the offers of support from abroad, combined with Joseph Kabila's credibly communicated eagerness to cooperate. The peace process, too, was carried forward by strong and steady pressure from external actors. Overall, external actors had relatively little significance until 2001, but since then they have assumed major importance in Congo's political and economic arenas.

That year also marked the beginning of close bi- and multilateral relationships with the traditional Western donor nations, particularly Belgium and the US, but increasingly also France. Congo's relationship with the EU, which has been relatively critical of the political transformation process, has likewise improved considerably. A cooperation program in the amount of 16 million euros has been agreed on for the years 2003-2004. The World Bank approved an emergency program of \$450 million to rehabilitate infrastructure. The UN Observer Mission to the Congo—most notably in the person of its chief, William Lacy Swing, former US ambassador in Kinshasa—is playing an equally important role in

securing the peace, achieving reunification and guiding the political transition process.

After 2001, some steps were taken to dismantle the complex web of seven regional neighbors involved in the Congo war. Namibia, Zimbabwe and Angola intervened in support of the Kinshasa regime; Uganda, Rwanda and Burundi were caught up in the conflict on the rebel side. Under the agreements reached in Sun City and Pretoria in 2002, Zimbabwe and Rwanda finally withdrew, the last countries to do so officially. A reduced presence of foreign troops, especially of Rwandan and Ugandan forces, still remains in the eastern part of the country. Politically, and less so militarily, Zimbabwe and Angola continue to wield influence on the Kabila regime.

But though the peace negotiations reached an agreement on the withdrawal of Congo's neighbors, this must not yet be equated in any way with the establishment of good relations among the former warring parties. The difficult relationship with Rwanda and its continued influence on the RCD must be addressed politically in the medium term by a suitable strategy of reconciliation and by confidence-building measures.

## **6. Overall evaluation**

In view of the initial conditions, current status and evolution, as well as the actors' political achievements (management), this assessment concludes the following:

*(1) Starting conditions:* Overall, the initial conditions for transformation were very difficult. Even before the period under study, long years of plundering by one regime after another had left the economy largely bankrupt. Hardly any framework for a functional market economy existed. The hallmarks of a failing state increased in the 1980s and finally took their destructive toll in war, rebellion and territorial disintegration.

Democratic institutions, administrative structures and the rule of law were absent or dysfunctional. Despite the absence of democratic traditions, however, a strong pro-democracy movement of civil society groups and parties had developed by the late 1980s. Gathered around a solid nucleus and undeterred by numerous setbacks and frustrations, this movement underpinned any further advances in Congo throughout the period under study.

*(2) Current status and evolution:* The democratic transformation gained little ground. Since the late 1980s it has suffered one serious setback after another. Any qualitative broadening of the postwar democratic transformation cannot be expected until after the period under study. Starting in 2001 the new regime in



Kinshasa revived the conditions for a political opening. Freedom of opinion, freedom of the press and freedom of association have reached acceptable levels.

Congo's economic and political civil society offers a significant resource for the country's political as well as its economic development. To some extent, civil society has stepped in where the state does not carry out its functions. Drastic consolidation deficits exist in political representation, in institutional stability, in the efficiency of the government system and in the rule of law. Congo's transformation to a market economy has advanced slightly. Nevertheless, the political decision-makers did manage to stabilize macroeconomic development, starting from an extremely low level and within a very short time from 2001.

The framework of a market economy system improved. On the whole, however, Congo has just barely set out on its journey of economic transformation to a market economy. Promising first steps must be continued toward establishing a healthy banking system and capital market, making the tax system work, privatizing state enterprises, developing an effective competition policy, reforming the economic constitution and refining social structures within the market economy. The new constitution must validate these reforms. The socioeconomic indicators, adverse from the start, have deteriorated further. Especially in health and education, the shortcomings are serious.

*(3) Management:* Compared to the preceding period, the transformation process gained reliability in achieving goals, picked up speed, and showed greater promise, but only since 2001, and, so far, only in the western regions governed by Kabila. Little of this can be detected in the territory claimed by the MLC, and eastern Congo shows no signs of moving toward economic or political transformation. A pro-democracy consensus exists in important segments of society.

Until now, economic reforms aimed at macroeconomic stabilization in close cooperation with external actors have had limited scope. Chiefly under pressure from the international community and through regional mediation, especially by South Africa, Congo signed a peace accord that mended its relationships with its neighbors. On the whole, interactions with external actors were managed successfully. Weak managerial achievements show up in the area of domestic reforms, especially in conflict management, the party system, support for democracy, and corruption.

## **7. Outlook**

The current picture of transformation in the Democratic Republic of Congo clearly shows that it has taken the first steps in the right direction. In most of the areas assessed, however, very little ground has been gained; the road is strewn

with obstacles from the events of recent years. Nevertheless, these indications suffice to contradict the view of numerous observers who can see no progress at all in Congo. The transformation successes, some more obvious than others, derive from an accumulation of factors: external pressure, the steps taken toward transformation by Joseph Kabila and his government, and the unremitting struggle of the Congolese society and formal civil society structures to bring about democratic change.

Of the key strategic tasks for democratic and market-economy reforms in the medium term, the most challenging fall to the transition institutions, though these have yet to be formed following the model negotiated in South Africa. They will have primary responsibility for organizing elections, drafting a constitution and introducing important improvements in the rule of law and civil rights. They must also begin to restore the state's fundamental functions and services, continue to reform the existing organization of the market and competition, and assure the sustainability of economic development.

Because the inclusive power-sharing government planned for Congo can function only through consensus, it will take that much longer to arrive at decisions. Time will tell how closely the transition bodies—the government, the transition parliament—manage to follow the schedule for transition, and how well the political actors are positioned to work for the common goal of a democratic system. An equally crucial question is whether Congolese forces can curb the external influence of its neighbors, particularly Rwanda, or whether that country will continue to dominate the government through the RCD and stir up conflict again in the medium and long term. At the same time, Congo must win control over its own resources and make these available for the country's development.

Congo has yet to accomplish the most urgent tasks for its economic transformation: to establish sound regulatory structures governing the utilization of primary and secondary resources. The financial market and banking sector must be restored to health and the corporate sector restructured. The formal business sector needs thoroughgoing reform; the informal sector must be cautiously drawn back into formal structures. This requires a regulatory system, established under the rule of law that creates confidence and facilitates growth. Only a proper framework under the rule of law will offer the secure investment environment that both Congolese and foreign investors need. The high incidence of HIV/AIDS, particularly in areas ravaged by war, necessitates a proactive education campaign. The health care system urgently needs immediate improvement on all fronts, especially to curb the effects of the AIDS catastrophe.